

# **MAINE GAMBLING CONTROL BOARD**

**September 17, 2013**

**09:00 – 11:00**

**Gambling Control Board Room**

**Augusta, ME 04330**

Meeting opened at 9:00 am

**Board members present:** Tim Doyle Chair, Barbara Dresser, Matt Dyer, Harry Stickney and Joe Laliberte

**Staff present:** Office Specialist I Janine Collins, Auditor Donald Berrie, Auditor Jill Tobey, Detective Don Armstrong, Inspector Supervisor Vicki Gardner, Executive Director Patrick Fleming.

**Legal counsel present:** Assistant Attorney General Lauren LaRochelle

## **Introductions:**

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

## **Review of the minutes 07/16/2013**

**Motion to accept the minutes as presented: Joe Laliberte, Board Member**

**Seconded: Matt Dyer Board Member**

**Vote: Unanimous**

## **Executive Director Report –**

**Employment** – We have hired a new inspector for the Oxford Casino. His name is Joshua Gould and he started last week. He comes to us from the Maine Correctional Center where he has been for the last 7 years. I think he will be an excellent addition to the team in Oxford.

The decision has been made to postpone the filling of the Detective's position vacated by Detective Sean Kinney. I have been assured by the Colonel that if Detective Armstrong starts to fall behind the State Police will get him the assistance he needs. As you recall the extra Detective position was created to assist with the licensing of the Oxford Casino but by the time it was actually filled the casino was already open and Detective Armstrong had done the licensing investigations with limited assistance. I have confidence that Detective Armstrong will be able to keep up now that the more labor intensive investigations are behind us.

**Maine Gaming Commission** – During the 125<sup>th</sup> legislature a commission was established to study current and future gambling in the State of Maine. This commission was established to look at the impacts the existing casinos have on the local economies as well as what future casinos might have. The commission is made up of legislators as well as representatives from entities that have an interest in the gambling industry both pro and con. The commission has met twice so far and has some more meetings scheduled to complete a report due to the legislature in February 2014.

I have been tentatively invited to appear at the next meeting of the commission on September 27<sup>th</sup> to discuss public safety impacts of the current casinos and possibly problem gambling.

**Budget** – due to an under projection of revenues for the 1<sup>st</sup> quarter we will be suspending payments of the cascade to several entities for the month of September. The payments will resume October 1<sup>st</sup> when the second quarter begins. I will be working with the service center to make sure we stay ahead of this in the future so the payments can go out on time. Those entities that are affected will get the full amount owed to them when payments resume. I have sent letters to all affected to explain what has happened.

**Rules** – the Exclusion Rule has been submitted to the Secretary of State’s office and should be advertised in the papers tomorrow. We have to allow a 30 day public comments period so I am anticipating bringing it back before the Board at the November meeting for final adoption. The Substance Abuse and Mental Health Services people have already done some training for their people who will be taking the exclusions in preparation for the adoption of the rule. We will continue to prepare for our takeover of the list.

**Sci Games and Penn National changes** – the transactions that this board discussed at the June meeting regarding the Scientific Games acquisition of WMS Gaming and Penn National’s creation of a real estate investment trust are still in process. Scientific Games got the preliminary approval of the Nevada Gaming Control Board last week but still has several other regulatory boards to get through before the transaction is finalized.

**Penn National** is still proceeding with their transaction. They will be in front of the Maine Harness Racing Commission tomorrow for potential approval of the commercial track license for Bangor Historic Track LLC. If approved by the Harness Racing Commission we will work with them to complete the transaction here in Maine.

#### **Financial Update: Auditor Donald Berrie-**

At the last Gambling Control Board Meeting, Auditor Berrie reported that Auditor Tobey and Auditor Berrie have met with the Penn National audit team who were in Bangor as they began the process of coordinating information needed to develop the audit program. Since then we have also met with the Churchill Downs audit team for the same purpose.

The structure of the Compliance Audit Plan is based on breaking down the Gambling Control Board Statute and Rules into auditable components and then determining compliance through research, interviews, observation and testing.

Since the last board meeting we have moved into the on-site phase of the audit plan. The first component we selected related to compliance with the Federal Bank Secrecy Act, otherwise known as Title 31. Title 31 outlines reporting requirements intended to stem money laundering through financial institutions. Casinos are considered financial institutions for the purposes of Title 31. The casinos are required to submit Cash Transaction Reports, known as CTR’s for all cash transactions in excess of \$10,000 as well as Suspicious Activity Reports where patrons may be engaging in evasive techniques to avoid being the subjects of Cash Transaction Reports.

Auditor Tobey and Auditor Berrie have been on-site at the Hollywood Casino interviewing staff and analyzing the process they have in place. Shortly we will be returning to perform sample testing of submitted reports.

#### **State Police Update –Detective Don Armstrong**

The Board had asked for some specific information regarding the impact on different surrounding agencies since Oxford has started. Detective Armstrong reported that Androscoggin had not noticed any change.

#### **Inspector’s Report- Vicki Gardner**

She explained the casino inspection lists that have been adopted by the inspectors are based on inspection lists from Mississippi. There are 20 lists total: 20 for Hollywood and 19 for Oxford. The reason that Hollywood has an extra is that they have a poker room so there is one specifically for that purpose. The purpose of the checklists is simply to get the Casinos in compliance with the internal controls prior to the audit process. The inspectors will continue to use the checklist even after the audit is complete simply to keep the casinos in compliance. The inspectors began this process on May 1, 2013 in Oxford and May 2, 2013 in Hollywood since she wanted to be present at both. The goal is that the inspectors will complete one check list per week per inspector. We are looking for voluntary compliance from the casinos with no hidden agenda, we are not looking to catch anyone doing anything wrong. The response from the inspectors and the casinos has been positive. The inspectors have admitted to learning the IC’s better after completing the checklist and the casinos have said that the checklist are a great learning tool for the employees of the casino. The inspectors have said that there is a sincere desire on the part of the casinos to comply with the IC’s.

Once the inspectors have completed all the checklist they will start over, this is an ongoing process.

**Unfinished Business:**

UMaine/MMA MOU- Executive Director Fleming explained to the Board. This came from legislation last session that allows the MMA system to share in revenue that, up until this point, was exclusively for the UMaine System. The legislation says that they have to share based on a formula that relies on the number of enrolled students at each institution. The MOU addresses the process for collecting and using the enrollment data.

**Motion to approve the MOU with UMaine and MMA - Joe LaLiberte**

**Seconded- Matt Dyer**

**Discussion- Joe Laliberte asked about another bill that was in legislation this past year. His question was answered by Executive Director and there was no further discussion.**

**Vote: Unanimous**

**New Business:**

Bally Technologies/SHFL(Shufflemaster) merger – Bally intends to acquire Shufflemaster, Bally is a licensed Slot machine distributor and Shufflemaster is licensed Table games distributor. Frank Digiacomio, attorney for Bally, made a presentation to the Board. The Board was given additional information prior to the meeting. Bally Technologies is going to pay 23.25 per share for SHFL entertainment. It was presented that there would be financing as part of the acquisition transaction and the Board determined that a review of the financing would be needed prior to a decision. The information would be sent to Macdonald Page for review. Given the companies' time frame the board will vote on this at either the October or the November meeting. Bally and SHFL would like to continue to hold the licenses that the state already has issued.

**Spanish 21 rules – Oxford Casino**

This game is being sold to other agencies as well as being played in other states, the rule is the industry standard.

**Motion to approve the rules for Spanish 21 Matt Dyer**

**Seconded Harry Stickney**

**Vote: Unanimous**

**Oxford Internal Control Change -II-E B(3), (4)** Oxford would like to eliminate the Senior Director of Operations position from the Internal controls. This request is made to accomplish a change in their organizational philosophy where the Slot Manager will assume the duties and responsibilities of our slot operations as a key employee reporting to the General Manager

**Motion to approve changes Joe Laliberte**

**Seconded Harry Stickney**

**Vote: Unanimous**

**Oxford Internal Control Change – II-G-1 Payouts not paid directly from machine.**

Due to the complexity of the payouts and math models possible on multiple line jackpots, Oxford Casino requested a change in the recording of the winning combination of reel characters constituting the jackpot. They would also like to change the signatures required on Jackpot payout slips attesting to the accuracy of the payout.

The Board would like Oxford to include a condition that surveillance record the jackpot payouts.

**Motion to approve with changes. The changes may be submitted to the Executive Director for review and approval. Joe Laliberte**

**Seconded Harry Stickney**

**Vote: Unanimous**

## **Rule Changes**

**Chapter 2 Licenses and Applications** - Licenses and Applications- change Key Employee to Key Executive, Key applicants to Key executive. Change “may” and blue ink, consolidation slot & casino operator, consolidate slot and table game distribution meeting minutes and type of machines \$200 background fee waivers by classification only.

**Executive Director Fleming will look further into the Communications Protocol Agreement and get back to the board at the next meeting.**

**Motion to accept with recommended changes Matt Dyer**

**Seconded Joe Laliberte**

**Vote: Unanimous**

**Chapter 3 Control of Licensees**- renumbering and lettering, all correspondence to regulatory agency, Key Executive Board Members added, and Family of Board

**Motion to Approve Changes Harry Stickney**

**Seconded Joe Laliberte**

**Vote: Unanimous**

**Chapter 4 Licensee Records** - Grammatical Changes and numbering and change Company to Entity.

**Motion to approve changes Joe Laliberte**

**Seconded Matt Dyer**

**Vote Unanimous**

**Chapter 6 Ticket Redemption and Forfeited Winnings**- remove forfeited winnings from title

**Motion to approve changes as recommended Matt Dyer**

**Seconded Joe Laliberte**

**Vote: Unanimous**

**Chapter 7 Collection of Payments** - There is no slot operator match in statute

**Motion to approve Joe Laliberte**

**Seconded Matt Dyer**

**Vote: Unanimous**

**Chapter 8 Slot Machine Location & Hours of Operation**- remove and perimeters of which shall be shown on the Uniform Location Agreement.

**Motion to approve Joe Laliberte**

**Seconded Matt Dyer**

**Vote: Unanimous**

**Chapter 10 Slot Machine Maintenance**- delete logic board area of a slot machine in the MICS this is in the definition of MEAL.

**Motion to approve changes Joe Laliberte**

**Seconded Matt Dyer**

**Vote: Unanimous**

**Chapter 11 Transportation of Slot Machines**- rennumbers and change will to must allowing the machine to be sold out of state or disabled.

**Motion to approve changes Joe Laliberte**

**Seconded Matt Dyer**

**Vote: Unanimous**

**Chapter 14 Advertising** - Clean up language, change slot machine to gaming area

**Motion to approve changes Joe Laliberte**  
**Seconded Matt Dyer**  
**Vote: Unanimous**

**Chapter 18 Responsible Gaming Programs** - Change to reflect changes to the exclusion rule, allow casinos to continue enforcing their current list and renumbering

**Motion to approve changes Joe Laliberte**  
**Seconded Matt Dyer**  
**Vote: Unanimous**

**Chapter 20 Slot Machine Standards** - change the Standard that is referenced

**Motion to approve changes Joe Laliberte**  
**Seconded Matt Dyer**  
**Vote: Unanimous**

**Chapter 23 Gambling Addiction Counseling Services** - Delete the entire rule

**Motion to approve changes Joe Laliberte**  
**Seconded Matt Dyer**  
**Vote: Unanimous**

**Chapter 25 Approval of Table Games Rule of Play** - Put in Standards for what the Board is looking at for approval, Allow Executive Director to approve use of same rule for other casino.

**Motion to approve recommend changes Joe Laliberte**  
**Seconded Matt Dyer**  
**Vote: Unanimous**

**Chair Tim Doyle would like a requirement of Temp employees to wear the license until a permanent license is issued**

**Public Comment:**

Jack Sours-Vice President and General Manager of Oxford Casino, update the Board on the Casinos community relations activities. Mr. Sours is a member of the Oxford County united way board and the casino agreed to be the trend setter fund raiser for the Oxford United way, employees have raised \$15 thousand in two weeks.

Hussein Mahous Hollywood Casino Bangor-they are a sponsor of the Susan G. Komen race for the cure and the survivors' dinner. They will be graduating 22 table games dealers

Cheryl Chicowski- Substance and Mental Health Services-As of two weeks ago they have trained 9 new agencies in the healthy Maine partnerships in the Self Exclusion process, this include a tribal agency. And they have one healthy Maine partnership that has not been funded that has volunteered to do the self-exclusion. That means that in every public health district across the state there will be a place where if someone wishes to self-exclude that could do that. They are working on a brochure and will have that in the near future.

And they have trained on Problem Gambling, so that all of the healthy Maine partnerships got that training as well. They attended the National conference on Problem Gambling.

**Meeting Adjourned:**

**Motion: to adjourn Harry Stickney**  
**Second: Joe Laliberte**  
**Vote: Unanimous**

Next meeting is **October 15, 2013 @ 9am** in the Gambling Control Board Room

Respectfully submitted, Janine Collins, Office Specialist I